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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF OREGON

EUGENE DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

ANNE HANKINS,

Defendant.

CASE NO. 6:22-cr-00317-MC

**DECLARATION OF COUNSEL IN
SUPPORT OF MOTION FOR BAIL
PENDING APPEAL, AND, IN THE
ALTERNATIVE, MOTION TO EXTEND
SELF-SURRENDER DATE**

I, Katherine Marchant, for my declaration pursuant to 28 U.S.C. § 1746, state:

1. I am one of the attorneys representing Ms. Hankins in the above-captioned case, and I make this declaration in support of Ms. Hankins' Motion for Bail Pending Appeal, and, in the alternative, Motion to Extend Self-Surrender Date.
2. I have knowledge of the matters in this declaration based on (i) my own personal information; (ii) what I have learned reviewing documents; and (iii) what has been related to me.
3. On or around March 15, 2021, Ms. Hankins received a letter from the United States Attorney's Office for the District of Oregon notifying her that she was a target of a grand jury investigation and that there was sufficient evidence to charge her with Wire Fraud in

violation of 18 U.S.C. § 1343. Shortly thereafter, Ms. Hankins retained counsel to engage with the Government and, ultimately, to negotiate a pre-indictment resolution.

4. On September 28, 2022, Ms. Hankins entered a guilty plea to one count of Wire Fraud and one count of Money Laundering, in violation of 18 U.S.C. § 1957. The same day, the U.S. Attorney's Office issued a press release regarding Ms. Hankins' convictions.
5. Based on the false and inflammatory statements contained in that press release, which were picked up and amplified by state and local press, Ms. Hankins filed a Motion to Dismiss on November 4, 2022 (ECF No. 14). In support of the Motion, Ms. Hankins also filed a Declaration of Counsel that contained a number of exhibits, including the press release, a sample of the media coverage and relevant correspondence with the Government (ECF No. 15). The Government filed its Response on November 18, 2022 (ECF No. 17). Ms. Hankins filed her Reply (ECF No. 18) and a supporting Declaration of Counsel (ECF No. 19) on December 9, 2022.
6. In her pleadings, Ms. Hankins requested an evidentiary hearing. The Court denied her request.
7. On December 14, 2022, the Court issued its Opinion and Order denying Ms. Hankins' Motion to Dismiss (ECF No. 20).
8. On December 15, Ms. Hankins filed a Motion for Reconsideration of the Denial of an Evidentiary Hearing on the Motion to Dismiss (ECF No. 21), along with supporting exhibits (ECF No. 22). Ms. Hankins requested oral argument.
9. On December 19, 2022, the Court denied the Motion for Reconsideration in a minute order (ECF No. 24) without a hearing or oral argument.

10. On March 30, 2023, the Court held a sentencing hearing in this matter. Prior the hearing, Ms. Hankins submitted a sentencing memorandum with 25 supporting exhibits. The materials were filed confidentially. At the sentencing hearing, Ms. Hankins also submitted as exhibits the above-described pleadings and other documents filed by the defense in connection with the Motion to Dismiss.
11. Attached hereto as Exhibit “1” is a true and accurate copy of the transcript of the March 30 sentencing hearing prepared by the Court Reporter.

I declare, under penalty of perjury, that the foregoing is true and correct to the best of my knowledge and belief.

DATED this 26th day of May 2023

Respectfully submitted,

s/Katherine Marchant
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1 IN THE UNITED STATES DISTRICT COURT

2 FOR THE DISTRICT OF OREGON

3 EUGENE DIVISION

4
5 UNITED STATES OF AMERICA,)

6 Plaintiff,)

7 v.)

8 ANNE HANKINS,)

9 Defendant.)
10 _____)

Case No. 6:22-cr-00317-MC

March 30, 2023, 2:05 PM

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12
13 SENTENCING HEARING

14 TRANSCRIPT OF PROCEEDINGS

15 BEFORE THE HONORABLE MICHAEL J. MCSHANE

16 UNITED STATES DISTRICT COURT JUDGE
17
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APPEARANCES

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COURT REPORTER:

Kendra A. Steppler, RPR, CRR
United States District Courthouse
District of Oregon
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* * *

1 THE COURT: Okay. Let's go on the record. I'm going
2 to have Ms. Pew call the case.

3 THE COURTROOM DEPUTY: Now is the time set for
4 Criminal Case 22-00317, United States of America v. Anne
5 Hankins, sentencing hearing.

6 THE COURT: All right. Starting with the Government,
7 if you could introduce yourself and anyone else who may be
8 appearing or testifying today.

9 MR. BRUCE: Good afternoon, Your Honor. Gavin Bruce
10 on behalf of the United States. There is a representative from
11 the victim in the courtroom. They're not -- they do not intend
12 to allocute at this time. There is also a representative for
13 the victim that's on the public line, as well. They will not
14 be allocuting. The Government does not intend to offer any
15 further testimony, other than its sentencing arguments, in this
16 case today.

17 THE COURT: Okay. Thank you, Mr. Bruce.

18 And for Defense?

19 MS. HOFFMAN: Your Honor, there will be no witnesses
20 testifying. We have a presentation for you, and we'd like to
21 move, at this time, for the exhibits that we provided ahead of
22 time to be entered into the record. Those that are previously
23 filed under seal, we still request that the under seal status
24 be maintained. And we have a binder for you so that you can
25 follow along.

1 THE COURT: Okay. Those will be admitted into the
2 record under seal.

3 All right. And, Ms. Hankins, good afternoon.

4 THE DEFENDANT: Good afternoon, Your Honor.

5 MS. HOFFMAN: Oh, I'm sorry, Your Honor. I don't
6 mean -- there's two binders you get.

7 THE COURT: Okay.

8 MS. HOFFMAN: You also get similar -- we're entering
9 these as exhibits. And it's the motion to dismiss, et al.,
10 exhibits. Everyone's seen them before.

11 THE COURT: All right. Ms. Hankins, how are you
12 feeling today?

13 THE DEFENDANT: I'm okay. Thank you.

14 THE COURT: Okay. Have you had an opportunity to
15 review the presentence report that was prepared by the
16 Probation Office with your attorney?

17 THE DEFENDANT: Yes, Your Honor.

18 THE COURT: Do you need any additional time to speak
19 with your attorney before we proceed?

20 THE DEFENDANT: No, Your Honor.

21 THE COURT: Are you satisfied with the advice and
22 representation of your attorney?

23 THE DEFENDANT: Yes, Your Honor.

24 THE COURT: Okay.

25 All right. Ms. Hoffman, would you like to then go

1 ahead -- and I have, you know, reviewed everything that's been
2 submitted. But would you like to go ahead and give your
3 presentation?

4 MS. HOFFMAN: Yes, Your Honor. One brief thing for
5 you is Mr. Howard Levine is present in the courtroom. Mr. Josh
6 Flood is present. And they're civil counsel. And there's been
7 enough comments back and forth as to what civil counsel knew --
8 or had in previous pleadings -- that they've appeared in case
9 there are any questions, or something should come up, they can
10 address those issues.

11 Present next to me is Ms. Marchant, and she is cocounsel,
12 with Ms. Hankins, on this particular case. So I wanted to
13 introduce.

14 THE COURT: Thank you.

15 MR. BRUCE: And, Your Honor, I'd also note that I
16 don't believe the public line is open. They notified that it's
17 still on hold.

18 THE COURTROOM DEPUTY: It shouldn't be.

19 THE COURT: We have been having some tech issues
20 today. But let's make sure the public line is open, or we will
21 not be able to proceed.

22 Sounds like we're dialing into AOL or something.

23 All right. I think the public line is now open. Thank
24 you.

25 So if we could go ahead then with the --

1 MS. HOFFMAN: Thank you, Your Honor. And Deric is --
2 in case all computer systems don't work, he's here to help me
3 out.

4 THE COURT: Okay.

5 MS. HOFFMAN: Thank you.

6 Your Honor, as you're aware from our pleadings that we
7 provided regarding sentences and our recommendation, what we
8 would like to address today is the 3553 factors. And the
9 reason why we have this presentation is we became aware of the
10 fact that simply using words are not really a substitute
11 sometimes for what you can see and experience. So part of this
12 presentation is to allow that. It is not intended to be a
13 substitute for live testimony.

14 And as I will address at the end of our presentation, and
15 as you've left open for this hearing, due to the press release
16 that was submitted by the U.S. Attorney's Office in this case,
17 we have lost witnesses. And we've provided to you affidavits,
18 declarations, and information as to what we've lost. But I
19 will deal with that at that time.

20 Another caveat that I want to tell you about is that we
21 are using the generic word "Endeavor," not intending for the
22 victim necessarily to be Endeavor, the person who was made
23 representations to was Endeavor, but more as an overview word
24 to describe the multiple different companies that come under
25 the Endeavor label. So I wanted that to be clear by my use of

1 the word in this presentation.

2 Okay. All right. So the factors that we would like to be
3 dealing with today are basically the 3553 and that the sentence
4 should be no greater than necessary. And you're aware of this
5 standard.

6 THE COURT: Yes.

7 MS. HOFFMAN: I'd like to set the scene to 2011, Your
8 Honor, 2012, the period of time before Endeavor and Ms. Hankins
9 entered their partnership in this, that is the subject matter
10 of this case, because, under the relevant factors, it's the
11 history of the case and putting the conduct in some kind of
12 framework.

13 Ms. Hankins had grown successful festivals that had
14 brought herself to the attention of the Endeavor Group. She
15 had substantially contributed to the community with this work.

16 I'm going to cover that she had long-term mental health
17 problems, and how the long-term mental health problems,
18 including the significant abuse that she suffered, Your Honor,
19 from early childhood on, through her marriage with Mark
20 Hankins, has created permanent injury to her and is being
21 treated to this day.

22 Then the background of the indicted conduct; the infusions
23 that she put in herself, into the festivals, over time, and
24 especially after she sold the festivals, Your Honor, in
25 March 2018, significant contributions of her own money went

1 into the festivals; and the Government misconduct, Your Honor,
2 and how that impacts the factors that you can apply at
3 sentencing, both to the extent that she has already suffered a
4 significant deprivation of reputation over and above the guilty
5 plea, and that the misconduct itself can be addressed as a
6 sentencing factor before this Court; our sentencing
7 recommendations; and then concluding.

8 One sec. All right.

9 First of all, it's important to note what was involved in
10 running these festivals. So one of the main jobs that
11 Ms. Hankins had was she had to apply for and obtain what are
12 called "mass permits." So to do that, she had to have a
13 medical plan, create fire safety plans, create public safety
14 plans that had to be approved by a sheriff's office, create an
15 alcohol control plan by the OLCC, create sanitation.

16 Because, basically, Your Honor, she was creating a village
17 for 20,000 people. And part of that effort is that you have to
18 have fire safety, medical -- you build it up, and then you tear
19 it down, and you have it removed -- traffic control, and create
20 emergency responses for crowd control, security threat, weather
21 evacuation, misplaced children.

22 On-site, she managed this city. She had 900 -- as many as
23 900 people -- volunteers -- who reported to her, Your Honor,
24 during these festivals. There was an average of 35 vendors.
25 She built -- or supervised -- she obviously didn't build

1 herself. But she supervised the building of the staging, the
2 lighting, the seating, the parking lots. There was camping
3 on-site for 10,000 people.

4 Managing artists in compliance with their contracts;
5 setting up stage artists' equipment; and building offices and
6 dressing rooms; providing vans; providing catering; and,
7 generally, an infrastructure.

8 And then the day-to-day operations, Your Honor. She
9 prepared for pending festivals, had to arrange talent, booked
10 artists, scouted new talent, developed relationships with
11 managers, was responsible for community relations. Working
12 together, for example, with Don Leber of Bi-Mart.

13 She had to maintain relationships with county officials,
14 because if they weren't pleased with her work, they could pull
15 the permit; had to get sponsors; marketing; promotion;
16 budgeting; and scouting and contracting for changes of venue
17 location. So this, Your Honor, was what Anne Hankins did in
18 her job running these festivals.

19 I'd like to show you, Your Honor, a video of one of the
20 festivals that Ms. Hankins maintained prior to selling to
21 Endeavor.

22 Wait a minute.

23 All right. Now we will ask for tech support to turn this
24 on, please.

1 (Video is played.)

2
3 MS. HOFFMAN: So she was, in a way, the mayor of this
4 city that would exist the length of this festival, and was
5 responsible for everything that took place during it.

6 It gives you a sense of it.

7 And so the issue, Your Honor, is not only -- on top of
8 that, Ms. Hankins was a full-time mother. She was a single
9 mother who had left an abusive relationship. You saw the
10 letter from Mark Hankins. Due to the stress of that
11 relationship, the abuse of that relationship is documented by
12 her daughter in a letter that was sent to you.

13 She moved forward as an adult as a half-shattered person
14 who refused to allow her children to live in the kind of
15 environment that she lived in. And they were her number one
16 priority. But because of her talent -- how many of us could
17 really build a city for 20,000 people that you build, tear
18 town, deal with the infrastructure? But she did it. And she
19 came home to a thriving family.

20 And she did it despite a deprivation of education and a
21 fragile, fragile personality. But in this area she was able to
22 flourish. And she came to the attention of the Endeavor Group,
23 because it was their ambition to control live media and talent
24 in the United States. Because they had an express synergy that
25 they were looking for, which was to unite different parts of

1 the Endeavor enterprise under one roof -- talent agents,
2 talents, live performances, recordings, venue changes -- and
3 they had the money to be able to pull all of this together.
4 And they saw talent, and a remarkable talent, in Ms. Hankins.

5 But, Your Honor, despite any motions or pleadings that
6 you've read to the contrary, that have since been withdrawn,
7 Ms. Hankins was reluctant to join forces with them. She'd
8 built a small, successful operation and had tremendous love and
9 joy in it. And here were the super -- corporation in the world
10 wanting to partner with her.

11 So you'll get a sense of this when you look at this email.
12 Patrick Whitesell, who is like at the top of the pyramid of
13 this company, is engaged in communication with Ms. Hankins. He
14 says, "First, thank you for this email. I wasn't aware of the
15 frustrations in getting the rest of this deal done until today.
16 Sorry for any part of my team."

17 But now he's encouraging her to trust them. "I think you
18 kicked ass. I have loved watching you work these last couple
19 of weeks and the emails you have sent me. You're an exact
20 partner" -- and I think the word "partner" is critical to what
21 went wrong in this situation -- "I want."

22 Ms. Hankins writes back, "It was a rough day. You need to
23 know that my deciding factor to join WME was based a lot on the
24 conversation you and I had and the vision you shared with me.
25 If I felt for one minute that you were not sincere about this

1 partnership, we would never be at this point." So Ms. Hankins
2 believed that she and Endeavor were entering a partnership.

3 Throughout her festivals, Your Honor -- and it was a
4 question posed in one of your minute orders -- what has she
5 been doing with her time? She made major contributions to the
6 community.

7 Here's some newspaper coverage about it. But the music
8 attendance doubled from -- over 2010.

9 "Brownsville Festival is a major fundraiser for the
10 school's athletic programs. Instead of having to sell candy
11 bars door-to-door, we now have one big fundraiser and support
12 all of our programs."

13 Willamette Country Music Festival: "'This is something
14 that is dear to our hearts,' said Festival Director Anne
15 Hankins. 'We will bring out 257 foster kids and their families
16 on Saturday to enjoy the day with us. They'll be admitted free
17 and get Bi-Mart bucks to spend with the vendors.'"

18 Central Athletics: Over \$279,950 was raised.

19 If you look at this, Your Honor, we broke down the figures
20 for you based on her work. 2008, \$15,000 went to charitable
21 groups. By 2018, \$353,000 were spun off, in dollars, to help
22 local communities here in this area. And they came in doing
23 all kinds of things.

24 They helped clean up. They helped park. They helped be
25 greeters. And these kids and these programs, and the fire

1 departments who did pancake sales and got to keep the proceeds,
2 all benefited from her work. She raised money for fire
3 departments, school programs, school athletics, charity, foster
4 kids, military, FFA, 4-H. In total, \$1,585,146 were raised due
5 to her work. Not just hers, you know, but the programs that
6 she ran.

7 I'd like you to listen to a video that was actually
8 prepared by Bi-Mart, in 2013, where Ms. Hankins shares her
9 vision. And what's great about it is it doesn't require a
10 witness to explain it. It was then and there.

11 Okay. You'll have to do it again.

12
13 (Video is played.)
14

15 MS. HOFFMAN: This just gives you an aerial view of
16 how many people are there.

17 Unfortunately, as I mentioned in my introductory comments
18 to you, Your Honor, Ms. Hankins is a sexual abuse victim, a
19 parental abuse victim, developed lifelong problems that she's
20 dealing with today. And part of the issue with that is that
21 she had no internal resilience when she felt attacked. And it
22 triggered her mental illness. Her judgment was skewed. Her
23 reactions aren't what hopefully our reactions would be. But
24 I'd like to delve into this so that you can better understand
25 the crisis that occurred.

1 This is from the psychological evaluation that you have
2 with you from Doctor Hamel. You've read this; correct?

3 THE COURT: Yes, I've read it.

4 MS. HOFFMAN: And as you can tell by this, it's
5 resulted in hospitalization, attempts at suicide. I mean, this
6 isn't minor things. She's been in ongoing treatment since --

7 THE COURT: Right. But --

8 MS. HOFFMAN: -- 1998.

9 THE COURT: Ms. Hoffman, as you know, almost
10 everybody who comes before me, comes before me with a
11 remarkable amount of childhood trauma, some so unspeakable you
12 wonder how they're alive at this stage. I mean, those people
13 still go to prison. There are lots of people out there with
14 unbelievable childhood trauma who do not make criminal
15 decisions. So I'm not always sure how to weigh that.

16 MS. HOFFMAN: And I understand that, Your Honor. But
17 what's unique about this case -- and we'll get there -- and it
18 was admittedly unique in our negotiations with Mr. Bruce -- is
19 this is a situation where Ms. Hankins deprived Endeavor of
20 information. But she deprived Endeavor of the information for
21 the right to run the company, or WCMC, without their
22 interference. And I'll get to that.

23 This is not a case, despite anything that's been withdrawn
24 or presented to you, of theft.

25 THE COURT: Well, except she did use a chunk of it to

1 pay off her personal debt.

2 MS. HOFFMAN: She used some of it. But she sold
3 something of high value, Your Honor. She sold 49 percent of a
4 festival that she, in turn, wanted to buy at the exact same
5 time. So for the amount of money that they paid her -- 1.5 --
6 she was willing to buy the festivals.

7 And had the Government not published their article that
8 got picked up all over -- and we'll deal with that later -- you
9 would have heard Don Leber here, the representative of Bi-Mart.
10 But he has lost his opportunity to come because of this
11 publicity. And he would have explained to you that it was
12 Ms. Hankins' plan to buy the festivals.

13 So if Ms. Hankins sells something of value, which is equal
14 to the amount that she received, then that is not taking a hunk
15 of money.

16 THE COURT: Well, it is. Because you're defrauding
17 someone to get that hunk of money. I mean, come on. I mean,
18 this approach that she's being beaten down by an evil
19 corporation -- she sold it under a completely false pretense.
20 She's admitted to that. She took some of the money and paid
21 off a personal obligation. And what you're telling me is she
22 had the right to do that.

23 MS. HOFFMAN: No, I'm actually not telling you that.

24 THE COURT: It sounds like that though.

25 MS. HOFFMAN: Well, I'm not telling you that. I

1 think I'd like to clarify what I am telling you.

2 THE COURT: Okay.

3 MS. HOFFMAN: She did not -- and I'm going to deal
4 with what you're asking in this slide. Because she did not
5 sell it under totally false pretense. That statement "totally
6 false pretense" is not an accurate representation. She did not
7 accurately disclose to them the true financial condition of the
8 company. Note, I agree with that completely. But that is not
9 a totally false pretense. Because --

10 THE COURT: I mean --

11 MS. HOFFMAN: -- Your Honor, it was "a" factor. It
12 wasn't "the" factor. And when she sold it to them, she
13 believed it had equal amount of value to what they were paying.
14 And their reason for buying it was a strategic reason that
15 enhanced their ability to meet an objective that they were
16 attempting to reach. And I think that's an important thing for
17 you to understand.

18 THE COURT: But are you telling me that they would
19 have bought it anyways if they understood both the value of the
20 asset and the liabilities that were not being disclosed?

21 MS. HOFFMAN: I believe there's -- I think where
22 there's an issue, as you know from many cases both that you've
23 represented and judged, once you know someone has defrauded
24 you, the logical answer is of course I wouldn't ever deal with
25 them. So put that piece aside.

1 If you put solely as a business decision on the table, and
2 discuss it that way, as a business decision, if they'd known
3 the true financials, they would have bought it. And I'll show
4 you why. I mean, I'm not just speaking. I'd like to show you.

5 THE COURT: Okay.

6 MS. HOFFMAN: But we both agree, if someone's lied to
7 you and presented you fraudulent documents, you never want to
8 deal with them. So I'm taking that piece off the table.
9 Because you're asking me, as a business decision, would it have
10 been something that was attractive financially; am I hearing
11 you correctly?

12 THE COURT: Well, as a crime, doesn't it require
13 reliance on the misrepresentation?

14 MS. HOFFMAN: It requires that it be a material
15 factor.

16 THE COURT: Okay.

17 MS. HOFFMAN: And we concede that it's a material
18 factor, but we do not concede that it's a but-for factor.

19 THE COURT: Okay.

20 MS. HOFFMAN: And, I guess, that's -- since the case
21 never went to trial, and it's a guilty plea, the facts as
22 alleged in the plea petition and in the plea agreement are what
23 controls. And she pled guilty. She pled guilty to wire fraud.
24 And there was a material misrepresentation. But its standard
25 is that it had the potential to influence, not that it did.

1 So, you know, under the terms of this statute, it had the
2 potential.

3 The issue here is that her mental illness -- and you're
4 aware that sometimes a mental illness can distort a person's
5 logic or a reaction that they have to a situation. And it can
6 also impact their problem-solving ability. It's not a defense.
7 And we're not saying you get found not guilty of this, Your
8 Honor. But it can deprive people of thinking through better
9 options that others might choose differently.

10 And as the doctor said, anxiety, at times, can be
11 paralyzing, emotionally. Best characterized as being too
12 frightened -- and she's -- and he's talking about
13 Ms. Hankins -- and, at other times, may increase their
14 impulsivity. And depression can lead to hopelessness and
15 decrease motivation to perform tasks.

16 Dr. Webb, in his opinion, has rendered to you, in the
17 second letter that you received, that he's been treating her
18 since 1998. She's taking significant medications at his
19 direction. And I don't want to go through all of that on the
20 public record, but you have it as Exhibit No. 23.

21 THE COURT: Right. I've read it.

22 MS. HOFFMAN: So our point is that it compromised, it
23 does not excuse her decision-making process.

24 Okay. So I want to deal more with the questions that we
25 were just addressing in our dialogue, which is -- all right.

1 Endeavor pays Ms. Hankins 800,000 for their 51 percent
2 ownership April 4th, 2013. And with the email exchange that I
3 showed you earlier, Ms. Hankins' understanding is that they
4 were partners.

5 So these are the festivals.

6 All right. After she has sold the share to Endeavor, they
7 then open up a festival called Cape Blanco, Mountain Home. The
8 Mountain Home Festival, Your Honor, which is important for you
9 to note in answering your question, was the festival that was
10 founded after their partnership. And it never got traction.
11 It continually lost money.

12 But, in 2016, a crisis occurred financially. There was
13 excessive heat in the Brownsville, Oregon area. Cape Blanco
14 did not have enough campsites, so they weren't able to sell all
15 their tickets. People withdrew their land, I mean, for no
16 reason dealing with the festival. And the Mountain --

17 THE COURT: Right.

18 MS. HOFFMAN: And the Mountain Home lost 1.5 million
19 due to the delta between contracts with artists and revenue.

20 So, basically, in July 2016, Ms. Hankins is facing about a
21 \$2.2 million shortfall in being able to pay for bills due on
22 these festivals due to circumstances that she had no control
23 over. So she goes to her partners and says, "I need money to
24 be able to function going forward." Her partners do not
25 provide that money without onerous terms and conditions.

1 So the first one is -- out of the money that they're
2 willing to provide, I think the first 1.2, or so, goes to pay a
3 remaining fee for Jason Aldean, which is one of their clients
4 that gets a -- they get a cut of.

5 But the rest of it that she needs to keep the doors open
6 on the festivals -- and this is the pivotal problem, Your
7 Honor, that is in this case for Ms. Hankins, where she screwed
8 up. They took from her financial control of the money that she
9 needed to fund the festivals going forward. And they locked it
10 up and put it outside of her control.

11 The way festivals are funded, Your Honor, is they're
12 funded through ticket revenue that's generated for future
13 festivals. They use that. And then, as they gain revenue,
14 that's repaid. They take that away from the Willamette --
15 WCMC. They deprive it of the lifeblood that they need to keep
16 the festivals open. And they're aware of the problem that the
17 money will not be coming in.

18 And they say to Ms. Hankins, "We will not open up this
19 revenue until prior debt that's due and owing for prior ticket
20 sales," that's been basically borrowed, "is paid off," but
21 leaving no revenue source in which to do it. She goes along
22 with it, because she knows she has to get these vendors paid
23 and the outstanding bills have to get paid. That's where she
24 starts making bad decisions.

25 At this time -- and I'm going to show it to you, Your

1 Honor. Okay. So we've gone through that. But what we haven't
2 talked about is that projected \$6 million shortfall. And we'll
3 talk about her desire to just put a wall around herself to
4 operate the company.

5 While they're negotiating, Your Honor, the money that she
6 needs to be able to get out of the hole that she's in -- she
7 discloses to them the true and accurate finances. They have
8 all that. That's August 2016.

9 In her disclosure to them, as to why she needs the money,
10 she outlines that they have a shortfall of \$6 million. At the
11 end of the day, Your Honor, when this whole case ends, there's
12 still the shortfall for \$6 million. And the problem is that
13 they knew there was a shortfall for 6 million. And, unlike the
14 partnership that Ms. Hankins thought that they were going to
15 be, and that they would all contribute their own money because
16 Ms. Hankins had been contributing her money, she has this
17 amount of financing that she's going to have to deal with.

18 So what Ms. Hankins does in order to avoid their scrutiny,
19 and to avoid them micromanaging her, and in her belief cripple
20 the organization so it can't continue, she creates a smoke
21 screen. And the smoke screen is that they are doing better,
22 financially, and she just earns the right to be left alone.

23 And she earns the right to be left alone through
24 fraudulent bank records. Nobody is denying that. But she
25 believes that if she puts on a happy face, and allows the

1 festival to look better off financially, they'll leave her
2 alone, and she can run the festival, and she'll be able to
3 solve this shortfall.

4 What happens, Your Honor, is, in the intervening months,
5 Ms. Hankins does not go back to them again for any money until
6 2018. She proceeds to come up with funding. She proceeds to
7 run these festivals. There is no proof she took any money from
8 them. Whenever they've been put to the test and said, "Where
9 is the evidence that you have money of theft (sic)," it is
10 never been produced.

11 Mr. Levine, Mr. Flood have spent over 300 hours, Your
12 Honor, going through their documents looking for embezzlement,
13 looking for theft, looking for anything to show that
14 Ms. Hankins stole, because that is part of their civil suit.
15 Nothing.

16 What they did find is the 2018 report that was a draft
17 report from Exiger that says that, at that point, they had
18 found no evidence of embezzlement. They had not found
19 embezzlement or theft. What they found are some red flags that
20 needed to be gone into. But they -- as of 2018, their forensic
21 expert had not found theft.

22 So what she did is she assumes -- I mean, this is not good
23 thinking. She assumes responsibility for a \$6 million
24 shortfall, lies to them that she's doing better, and proceeds
25 to run the festivals.

1 In 2017, Your Honor, just before they entered their
2 negotiations, there's serious unexpected events that causes
3 additional stress on the festivals, financially. And what has
4 happened is there were the mass shootings in Las Vegas, that
5 you're aware of, which was another country festival. Sixty
6 people were killed. And the Mountain Home Festival loses a
7 night of performance, so one night's revenue. So this
8 \$6 million nut that she has to crack is getting bigger and
9 harder for her.

10 You've heard discussion about loans that she took out.
11 Every loan that Ms. Hankins took out, she cosigned as being
12 personally obligated. She continued to cosign, even when she
13 was an employee, Your Honor.

14 So I'd like to now go to this -- what I was -- you asked
15 me a question: "Would they have bought it anyway?" And I said
16 to you, "I believe so."

17 In 2013, when they signed their contract with Ms. Hankins,
18 they wrote, "We, again, control all the talent. And coming out
19 of the box firing with Paisley, Eric Church, and D. Bentley as
20 headliners, she's really kicking ass." And then she talks --
21 they talk about, "But we, again, control all the talent."

22 "WME Partners for Six Country Festivals, 2014. They have,
23 again, purchased more and more talent. They're building their
24 portfolio in the festival sector with investment in six new
25 strategic alliances. Country is thriving on the touring front,

1 and it's joined pop, rock, and EDM as a force in the festival
2 space."

3 August 2nd, Your Honor, they get a cash infusion --
4 Endeavor gets a cash infusion of \$1.1 billion. And the purpose
5 of the cash infusion -- this is when they start negotiating
6 with Anne Hankins to purchase her share. The 1.1 billion is
7 reported on August 2nd, 2017, just months before they try to
8 buy Ms. Hankins' share.

9 This is their investment partner: "Silver Lake's
10 long-term thesis, based on the increasing value of premium/live
11 content, continues to fuel growth for WME-IMG. We believe
12 WME-IMG is a unique platform across media, entertainment, and
13 sports with significant growth opportunities, and we remain
14 optimistic about continued near and long-term equity value."

15 They have to deploy, Your Honor -- in building this
16 acquisition mode of theirs, they now have to deploy
17 \$1.2 billion. So there is synergy -- you asked me, "Would they
18 still have purchased this knowing what the debt was?" And I
19 said to you, "I believe that they would." Their whole goal at
20 that point -- it was in effect in '13, '14, '17 -- was the
21 acquiring and maintaining of these kind of festivals.

22 THE COURT: But you would agree, had they known that
23 the books had been fraudulently presented, they may not have
24 kept Ms. Hankins in the position that they kept her in
25 following the purchase.

1 MS. HOFFMAN: They would have fired her.

2 THE COURT: Okay.

3 MS. HOFFMAN: I mean, I can't -- I can't imagine they
4 wouldn't have fired her, unless they'd been able to have a
5 heart to heart, and she'd been able to persuade them why she
6 did it, and they believed that she hadn't stolen anything. But
7 they're a publicly traded -- I'm not going to say they wouldn't
8 have fired her. But that's a different matter, Your Honor,
9 than whether they would have acquired that asset.

10 The unit purchase agreement -- we're talking about the
11 1.5 million that was paid for her 49 percent in this case,
12 which was also a subject of your inquiry of me -- is a pretty
13 interesting document. Ms. Hankins -- actually, before we go to
14 that, Ms. Hankins tried to purchase, as I said earlier, the
15 same festivals for the same amount that they paid her. And the
16 Endeavor Group said, "No. That's not how we operate."

17 But Ms. Hankins knew something had to change, because she
18 has this need to control these festivals. I mean, that's
19 really what she wanted, was to control them. Or, if she wasn't
20 going to get them, she was going to have to sell. Because
21 the -- this whole problem that she created through inaccurate
22 reporting was a -- could not continue to be sustained.

23 So she sells her 49 percent interest. But, Your Honor,
24 it's effectively -- it's an advanced payment. Because the way
25 that this works is she gets 1.5 million for it. But what is

1 written into the contract is a formula for increased payment
2 over time that will be decided under certain EBITDA terms.
3 But, basically, it's going to be the revenue that's generated
4 over expenses. And it's going to first -- before she gets any
5 opportunity to get enhanced money over time, she has to
6 continue to work in her position, be the president, do all
7 those functions that I've laid out for you before -- you know,
8 maintain all those roles.

9 And the 1.5 that they have given her for her 49 percent
10 will have to basically be regained by the company. It will
11 count for them. And only after that 1.5 is basically returned
12 to them will she be entitled to payment over the 1.5, if you're
13 following me.

14 THE COURT: I am.

15 MS. HOFFMAN: So the first 1.5 million would have
16 earned -- is going to get credited to the Endeavor Group.

17 So Ms. Hankins -- do you remember I showed you the
18 6 million number? Ms. Hankins personally supported the
19 festivals with her own cash, even cash had nothing to do with
20 the 1.5, and her personal guarantees totaling more than
21 6.5 million.

22 Right now, as we stand here today, Ms. Hankins is
23 personally responsible for about \$5.8 million that she took on
24 as personal debt in exchange for Endeavor being released from
25 that debt. This is just right this minute in real time. So

1 she personally borrowed 6,328,000 to pay for festival
2 operations. She cosigned all the loans. The other signatory,
3 Your Honor, of course, is WCMC. But it's not like they have to
4 first go against WCMC and then go against Ms. Hankins. It's
5 not subordinate like that. She's co-op.

6 So before she sells to WCMC -- I mean, I'm -- Your Honor,
7 you asked me some questions about her skewed thinking.
8 Ms. Hankins is personally obligating herself, as a partner, for
9 the right to be left alone by them, \$5,297,000 she's taken onto
10 her liability account. She then sells the company on March 1st
11 and becomes a mere employee. March 1st, Your Honor, she
12 continues to personally borrow money as an employee for WCMC,
13 to the tune of \$1,031,000.

14 So when we're talking about either skewed thinking or
15 irrational, what is she doing, she's taking on all of this
16 debt. Because if WCMC fails or doesn't have the money to pay,
17 there isn't an upward obligation, Your Honor, to the higher-up
18 Endeavor companies. It is a company unto itself.

19 So if Endeavor doesn't -- if Endeavor, for example,
20 doesn't bail it out, or whatever, WCMC is the cosignatory. So
21 the ability to pay back this loan debt that she's taken on
22 turns on the success of WCMC. And it means bankruptcy for
23 Ms. Hankins if she's not successful.

24 I don't know, in any other case that I have been
25 related -- been affiliated with -- where an employee takes on

1 corporate debt on themselves after they're a mere employee like
2 this. But her point, and the point that's been made in our
3 sentencing memorandum is, was she over meshed in the company?
4 Did that create these bad decisions? Did she believe she could
5 do a better job running the company? Was it just sheer
6 blindness that she didn't understand the burden that she was
7 taking on? Was it overoptimism? But this is what the
8 situation was.

9 Mr. Bruce, in his very persuasive memo to you, goes into
10 the detail by which she creates false bank records. And he
11 claims that she only paid back this money out of fear of
12 detection -- we read that -- to basically impinge her
13 credibility in this matter and impugn her desires by putting
14 them in obviously a bad light. That's what he -- what his
15 position was.

16 I need to show you something. From 2013 on, Your Honor,
17 Jason Lublin, who was on the board, had full access to the
18 account by which she is sending out these false statements.
19 He's the cosignatory and is on the account with her. It could
20 be argued, well, we trusted her so much, why would we look.
21 But what you are talking about is a very sophisticated
22 company -- and I'm not blaming them for being sophisticated --
23 they should be -- and a foreseeable checks and balance or even
24 bringing in a simple spot review.

25 So the fear of detection, Your Honor, for her false

1 reports that she was doing over this time was always there.
2 It's not like one day it became worse. Her actions were not
3 controlled by fear of detection as she's borrowing all this
4 money or as she's doing these false reports. It's just she
5 isn't looking at it with a clear and discerning eye.

6 THE COURT: There is an email where they are
7 requesting, you know, some kind of accounting. And she --

8 MS. HOFFMAN: She writes, "This is a problem."

9 THE COURT: Yeah.

10 MS. HOFFMAN: Right? That one? Yes, it's a problem.
11 Of course it is. But, in reality, that problem doesn't even
12 come to fruition until months and months and months later. And
13 after that email, Your Honor, I mean, if you look at this, she
14 used her own money to pay festival expenses in March, April,
15 May, June, July, August, and September.

16 In March, she pays down one of the loan payments by 252.
17 She puts 600,000, out of the 1.5 they gave her, into the
18 operating account.

19 In April, she pays Bi-Mart 75,000 because of expenses that
20 had come up, Your Honor. They double paid, and a credit hadn't
21 been done, and she personally pays them out of her own money.
22 She puts in 41,000 to pay down a loan -- a Bi-Mart payment --
23 Bi-Mart payment. She deposits, into an operating account,
24 135,000. And she makes a vendor payment of 40,000.

25 That email that you saw, where she wrote, "This doesn't

1 look good for us," or "for me," or whatever, happened in March.

2 THE COURT: Right. So, I mean, that is the
3 Government's argument. That happened in March. And she then
4 really didn't have a choice but to take the money and start
5 putting it back to cover up. I mean, isn't that the argument
6 they're making?

7 MS. HOFFMAN: That's their argument. But, Your
8 Honor, she's got a \$6 million loan outstanding that she's
9 personally -- it doesn't even scratch the surface of what we're
10 talking about. But the reality for Ms. Hankins was different
11 than the cynical view that the Government has put on this. And
12 it's -- we'll deal with that in a minute.

13 The reality to Ms. Hankins is she's now an employee. And
14 what Ms. Hankins wants to do as an employee of this company is
15 rectify some of the problems that her accounting has created.
16 She'd like to start with a clean slate. So what is her
17 motivation? Her motivation is that she makes these payments.
18 So she personally supported the festivals with cash infusions
19 and personal guarantees totaling more than 6.5 million.

20 I'd like to talk about the issue about Government
21 misconduct, because it's critical in this case for multiple
22 reasons. First of all, Ms. Hankins never was willing to
23 ever -- which is about as empathic as I'll ever be in this --
24 to plead to anything that required her ever to say that she
25 stole, embezzled, took money from WCMC. She would have gone to

1 trial, and Mr. Bruce knew this. That this was like a poor line
2 that would never be crossed.

3 If you read carefully the allocution and the statement of
4 facts in our plea agreement, that was a carefully crafted
5 document done by Mr. Bruce and our office where what you will
6 see is that Ms. Hankins full-throatedly admits to deceiving
7 Endeavor as to the financial condition of WCMC -- totally
8 admits that.

9 At no point does she admit in the fact allocution that it
10 was done to cheat them. What you have to meet the factors of
11 Yates is she pleads guilty, as a general guilty plea, to fraud,
12 which, by law, requires the intent to deceive and cheat. That
13 is the allocution. But the fact allocution does not have any
14 intent to cheat them, because that was that important to her
15 that she was -- that was not going to be part of this case.

16 And where the cheat is that allows this to be a valid
17 plea -- and some of your questions have been posed in this
18 way -- is that she was aware, when she passed on the false
19 financials in that last financial statement, that the numbers
20 she was importing into the statement as to their financial
21 condition were based off of the false numbers that they'd been
22 given. She knew that.

23 And she knew that if she changed those numbers suddenly,
24 probably the deal would not go through, because there would be
25 all the inquiries that you're posing. I think that meets the

1 elements. But we are -- we're dealing with a plea that is that
2 close to the razor's edge of what is a valid plea and what
3 would be potentially not. But she's squarely on the valid plea
4 side.

5 But the concept of "I did not steal" is so critical to
6 her, because the two things she loved in her life were the
7 family that she had protected against abuse and given an
8 opportunity to thrive and the festivals. And the things that
9 she did -- taking on the debt, and hiding the debt, not giving
10 accurate financial statements -- she thought was going to help
11 the festivals, and she would do a better job -- hubris -- do a
12 better job running them if she was left alone, even though the
13 cost of that was incurring a crippling financial
14 responsibility.

15 So knowing that, Your Honor -- knowing that that was the
16 bright line, we were offered three points off on the
17 guidelines, and we're not dealing with the guidelines, because
18 of the uniqueness of this case, because it was not a case that
19 was "I'll deceive you to steal from you." It was a
20 deprivation, basically, of accurate financial information.

21 And the fact that she worked and encumbered herself for
22 the benefit of the company was so unusual for a case like this
23 that we were offered three points, with the understanding that
24 we could ask for more, we could argue about it, and -- okay.

25 In repeated conversations, we were told by the Government

1 that this was not a theft case -- Ms. Marchant in our
2 meetings -- okay. As Ms. Hankins is driving home from the
3 guilty plea, a radio broadcast comes across the radio that
4 quotes the Government's press release.

5 "Ms. Hankins has proven herself to be a serial fraudster,
6 according to Craig Gabriel," as said on the radio. "And
7 Ms. Hankins blatantly" -- we'll throw in the word
8 "blatantly" -- "deceived her business associate and stole money
9 that never belonged to her."

10 There is no allegation in this case that Ms. Hankins ever
11 stole money that didn't belong to her. That has never been a
12 Government theory in this case.

13 Prior to that press release, Your Honor, there were
14 Facebook pages that discussed how wonderful Ms. Hankins was,
15 that thanked her for the amazing opportunities that she'd given
16 that had provided this philanthropic benefit to them. Live
17 people posting online their adoration of Ms. Hankins and the
18 festivals and how they had changed her community.

19 These same people had been cooperative with us prior to
20 that press release. After the press release, when we were
21 starting to try to obtain witnesses to come before you to
22 present live testimony -- disappeared. Some of them, like
23 Justin Starck, says he now thought that she'd stolen money.

24 We've outlined in our sentencing memo how one of
25 Ms. Hankins' employers who ran her -- Ms. Hankins has since

1 then run an accounting and sort of bookkeeping operation, and
2 she'd helped with a daycare for this person -- had to lay her
3 off. And the person admitted to us that she'd been criticized
4 after these news articles for continuing Ms. Hankins on her
5 payroll.

6 Don Leber, who worked with Ms. Hankins for Bi-Mart -- he
7 was the Bi-Mart representative -- he knew Ms. Hankins' desire
8 to buy the festivals and could have come into this courtroom,
9 Your Honor, and told you -- in response to your question about
10 the value of the festivals -- we couldn't have had a more
11 esteemed person. He no longer could because of the fracas and
12 the fallout following these articles.

13 This wasn't an accident, Your Honor. And I'm not
14 saying -- and we don't know that Endeavor had anything to do
15 with those news articles. And we don't know how those news
16 articles got generated. We never had a hearing on it, and we
17 never did the discovery.

18 But what we do know is that Endeavor's strategy was, when
19 it's discussing with their expert, anything would be helpful to
20 establish criminality on her part, protect our reputation,
21 change the PR narrative, substantiate our insurance claim, and
22 defend us against claims. They are looking for any criminality
23 on her part, and their intent is PR.

24 One of the narratives that's been floating around is that
25 Ms. Hankins' theft deprived vendors from being paid. That was

1 a newspaper article -- Willamette Week. It was Endeavor that
2 controlled who got paid, not Ms. Hankins. What they did -- and
3 you've got their worksheet here -- is they broke down all the
4 debts, and they broke them down between high-risk agreement --
5 agreements -- which would be your Jason Aldean and those
6 people -- you know, they had to make sure they got paid -- and
7 low-risk or one-time supplier agreements, which would be the
8 last paid. So that's how the numbers broke down.

9 In their tier one -- I explained to you what they were --
10 you know, famous billboard names. But tier four were your
11 local vendors, Your Honor: The Valley River Inn, RoxyAnn
12 Winery, Human Bean, Doug's Caterers.

13 And so the idea that Ms. Hankins controlled that was
14 inaccurate. But the Willamette Week chose to run an article
15 where they said, "Now federal prosecutors are filling in the
16 details of why that promoter, Anne Hankins, was a serial
17 fraudster, according to Craig Gabriel. She faces up to 30
18 years in prison. By 2018" -- and this is Willamette Week --
19 "her festivals were making headlines, but not because of
20 headliners. Instead, vendors complained they hadn't been paid.
21 Bi-Mart eventually pulled its sponsorship, and three festivals
22 never returned."

23 That article allowed a narrative that had been percolating
24 around but never caught on to be published in the local
25 newspapers, radio, and other media. And it was totally

1 foreseeable that this would happen.

2 You have a copy of our expert report who -- in support of
3 our motion to dismiss -- who evaluated this. And I'm sure you
4 read his vitae or résumé, and you know his background. He has
5 published many, many articles, and his opinion is footnoted and
6 corroborated by many, many people more. He is a real thing --
7 expert -- who has worked for Government and many other people.

8 And he says, "This story made explicit the connection
9 between prior financial problems and Hankins' current financial
10 crime. Vendors were unpaid, and the festivals were shut down
11 because of fraud. The press release contained multiple lexical
12 intensifiers designed to add emotional value, a rhetorical
13 technique designed to sensationalize the news story. It used
14 dramatic metaphors."

15 "The press release" -- and this is very important to this
16 deprivation of witnesses for us. "The press release includes
17 extraneous information unrelated to the plea agreement. The
18 inclusion is noticeable, because it's not contained in any of
19 the related court filings."

20 So, Your Honor, it didn't come from the press pulling up
21 filings. It was supplied by the Government.

22 "The press release references the festival promoted by
23 Hankins. While the inclusion of this information may seem
24 innocuous, it directs readers to draw a connection from the
25 current fraud case to her legitimate business activities."

1 And this is a long quote, but it's important. "The most
2 objectionable parts of the press release are embedded in
3 attributed quotes to two Government officials, Craig Gabriel
4 and Bret Kressin. Government sources and those representing
5 the prosecution in criminal cases carry significant authority.
6 Not only does the press release contain inflammatory
7 information, but it carries additional credibility, because it
8 comes from Government sources involved in the case. The public
9 is left with a one-side story where the most credible sources
10 confirm the most inflammatory information."

11 "The press release was not just inappropriate and
12 inflammatory, but it was the basis for the local media
13 coverage. And, most importantly, but for the press release, it
14 is unlikely the plea agreement would have been covered by local
15 media, and the inflammatory information wouldn't be readily
16 available for the public to consume."

17 If you look -- and we documented this in our pleadings,
18 Your Honor -- that press release is without precedent here.
19 The Government, when they report on serial crimes, mean serial
20 crimes, Your Honor, like multiple rapes occurring one after
21 another or multiple murders.

22 THE COURT: So, I guess, Ms. Hoffman, if your concern
23 is the Government's press release had some impact on me and my
24 decision today --

25 MS. HOFFMAN: No.

1 THE COURT: -- or Willamette Week -- this is the
2 world we're living in. We are getting no media coverage in the
3 courtroom unless attorneys start issuing their own press
4 releases. That's what media coverage of the courthouse has
5 become. It has become internally written by press releases.

6 It happens on my civil cases. I get destroyed by various
7 newspapers because an attorney on one side has anonymously
8 issued a press release, and it's run as a news story. I get
9 it. I get that it's impacting her reputation. But so does
10 pleading guilty to a crime. And I'll take into consideration,
11 yeah, there are collateral impacts here on her reputation.

12 The fact that other witnesses are afraid to come in after
13 reading this -- I know she has support in the community. I
14 know she has family support. You don't need to convince me of
15 that. I know she's done a lot of good in the community.

16 So I know you're spending a lot of time on this, but it's
17 only impacting me to the extent that I will take into account
18 there are collateral consequences to her reputation and her
19 future going forward, based on both criminal conviction and a
20 narrative that's out there in the community that may not
21 reflect what actually occurred.

22 MS. HOFFMAN: I think there's some important things,
23 Your Honor, that, despite our attempts to pull together her
24 history and the background to this case, would have been very
25 useful for you to hear from people, who -- because of the

1 allegations of theft, which people put in a very different
2 position than misleading someone about their financials.

3 THE COURT: I think a normal person of the public,
4 just reading the facts as they are here, may jump to the
5 conclusion that this would be called generally "theft." I
6 mean, you're looking at it from a very legal perspective. The
7 public is a very blunt instrument. You know, theft. That's --
8 that's what they see when somebody cooks the books and gets
9 \$1.5 million.

10 I don't know how you avoid that narrative, that somebody's
11 going to say, "It sounds like she ripped them off." You know,
12 there's nothing more to go on. Unless you get a detailed, you
13 know, press release such as this out, I don't see what else the
14 public would really understand from this case.

15 MS. HOFFMAN: Well, you've got three things in
16 response to that. Without the sensational language of the
17 Government in that press release -- "She blatantly stole money
18 that wasn't hers, and now she faces the music, and the curtains
19 come down." I mean, that kind of language no more should be
20 coming out of a U.S. Attorney's Office.

21 THE COURT: It's often coming out of a judge's mouth
22 when they decide to jump in and start lecturing defendants, and
23 they overstate things with hyperbole and -- yes, it's -- it's
24 impactful. I understand that.

25 MS. HOFFMAN: And when they knew that it was the core

1 of her decision to go to trial or not, and witnesses she told
2 before her guilty plea that she was pleading guilty. That she
3 assured them that she never took any money or stole anything
4 from WCMC.

5 So I'm just saying, Your Honor, that when a Government --
6 first of all, we all know that we live in a clickbait society
7 where the more sensational an article, the more people turn it
8 on, and the more attention that they will pay it. And we also
9 know that good press these days may not be a dry Wall Street
10 Journal article. You need the flavor.

11 But that's why there are all these rules here that dictate
12 what a U.S. attorney is allowed to do. And these are the rules
13 that govern it. And I'm not going to go through all these
14 rules. We've gone through it in our pleadings. But the point
15 was, these rules were violated.

16 And the reason why these rules live on our books and
17 govern the conduct of U.S. attorneys is because they are
18 supposed to be above that frame. They represent all of us,
19 including Ms. Hankins. And when they have the power, Your
20 Honor, to destroy, and they're given higher credibility than
21 probably you're given -- a judge is given probably higher
22 credibility -- but certainly not the same credibility as a
23 defense lawyer or a neighbor next door. They are the
24 Government. That's why their power is limited and why they're
25 not supposed to do it. Because it is deemed to be impactful in

1 a way that unfairly changes the dynamic.

2 And our position is, if the witnesses had been available
3 to come in, answer your questions, answer our questions, talk
4 about how she -- why would she want to buy the festivals --
5 deal with some of the things you posed to me. But they're not
6 allowed, because their bosses won't let them now -- or
7 whatever -- they can't do it.

8 So the point is we're left hypothesizing what impact it
9 might have had, had you been able to hear from people who were
10 with her during the time of this offense conduct, and knew what
11 the festivals meant to her, and knew how she wanted to buy.

12 THE COURT: I'm not counting any of that. I really
13 just don't know how much that this kind of testimony is
14 impacting me. I'm much more concerned, again, about issues
15 around remorse, issues around why she did what she did.

16 I think I have a pretty good understanding where things
17 fell apart, as they do with a lot of people involved in other
18 people's money, and they keep thinking it's going to get
19 better. I can understand why we're here.

20 MS. HOFFMAN: I hope after this you have a better
21 understanding of what went wrong. As far as remorse, I think
22 the highest form of remorse is she pled guilty and admitted
23 what she did. She took over \$5 million of debt.

24 THE COURT: Okay. I have -- okay. All right.
25 Anything else?

1 MS. HOFFMAN: Yes. All right. Number one, dealing
2 with the sentencing factors. One, it's outside the heartland
3 of a typical fraud case. We've already gone through no theft
4 or embezzlement.

5 THE COURT: Right.

6 MS. HOFFMAN: That her conduct was the only "A"
7 factor. We went through that, Your Honor. She returned, prior
8 to apprehension, 1.2 million of the 1.5 million that she was
9 paid. She's currently, as I said, liable for more than five --
10 well, more -- she's liable right now for 5.8 million.

11 The case law you're aware of -- that the amount -- you
12 know, the 1.5 -- in different context means different things.
13 And I've explained to you, to her, it had high benefit -- the
14 festivals.

15 Her mental condition, which, although not a defense, is a
16 mitigating factor from two doctors that have evaluated her.

17 The fact the Government -- and we were talking about that
18 with the misconduct -- has already meted out punishment, beyond
19 that, which is what they're legally entitled to mete out if you
20 look at the Lopez case.

21 Unusual reputational harm -- the publicity has reduced the
22 need for more specific deterrence. You know, she's walking
23 around now with a scarlet letter more than -- you know, a lot
24 of white-collar criminals can say, "Hey, it was just an
25 accounting," whatever, you know, but the point is, now, she

1 carries with her the stigma to the point that she lost a
2 long-term job based on a brand that was put on her.

3 The contribution to the community -- 1.5 million in local
4 services.

5 But I'd like to focus in on one specific issue that we
6 have not addressed that I think is maybe one of the most
7 important issues in this case. You -- in deciding a sentence,
8 her mental health condition, her need for ongoing treatment,
9 the drugs that she's taking that are not available under the
10 BOP guidelines, the high risk she suffers, and the fact that
11 even if, let's say, hypothetically, you said, "I'm going to
12 send you to prison, but I'm going to allow you to titrate off
13 the drugs for a year as, you know, the doctors said," it's the
14 doctor's opinion that it is those drugs that are controlling a
15 very serious mental health condition.

16 And you've read -- and I don't want to go into it
17 publicly -- but you've read that report. So it's not like
18 giving her a year to titrate off the drugs resolves the
19 underlying problem and the high risk that she presents. And
20 that factor, and that medical problem, is under the factors to
21 weigh, in and of itself, if the other factors hadn't even been
22 present -- would be a -- grounds to give her probation.

23 Not because you're putting a seal of approval and saying
24 what you did is good, Ms. Hankins. It's because this is not
25 like a midnight quest to get medical opinions. This is a

1 treatment program, continuously, since 1998.

2 So one of the decisions that has to be made is the most
3 effective medical treatment. We've gone through this, but I'm
4 just summarizing. So you've got all of those factors.
5 Correct?

6 THE COURT: Yes.

7 MS. HOFFMAN: Okay. And then the case law that
8 supports it that we gave to you in your memo.

9 But the Third Circuit reversed a case, granted simply
10 advisory for the Ninth Circuit. But the cases that we've found
11 in the Ninth Circuit, Your Honor, have upheld the judicial
12 discretionary sentence based on this factor of the kind of
13 terms that we're requesting.

14 So what we're saying is probation, a term of home
15 confinement. The only condition that we would request is that
16 she be allowed, obviously, for her medical treatment, to the
17 extent she needs to confer with counsel, those kind of things,
18 and if you wanted to build in a work release function into the
19 release. But it could be as strict and highly monitored. It
20 could be done with a bracelet. It could be done in any way
21 that you seek to fashion it so that it would not be
22 interpreted, Your Honor, as being an endorsement of her conduct
23 and not punitive, to the extent that you believe the conduct
24 needs to be punished.

25 1,000 hours of community service at some point. And

1 Ms. Hankins has laid out things that she would like to do. I
2 mean, Ms. Hankins feels -- and you were asking about remorse.
3 I mean, Ms. Hankins has written to you. She would like to help
4 other people in the future not get into the kind of situation
5 that she's gotten into.

6 And you heard her speak in 2013. She could be a really
7 helpful advocate to help people who've gone through the cycles
8 that she's been through, that she never dealt with, because
9 they were too painful. And by not ever really dealing with
10 them on the deep level that she's recently had to deal with,
11 she was forced, in many ways, to have maladaptive behaviors
12 when she felt who she loved and what she loved was under
13 threat: The festivals, her family, herself.

14 Her conduct was maladaptive. It was -- it's not ordinary
15 or reasonable conduct, Your Honor. But, in a weird way, it's
16 not unexpected. She never learned how to respond in
17 constructive aggressive ways. She's never developed that
18 skill. And, of course, at the end of the day, following our
19 restitution hearing, whatever restitution is imposed.

20 So, Your Honor, I hope that I've been able to answer some
21 of your questions as to how did this conduct occur; what did
22 she do; what the case is about; and why we believe, under the
23 factors, that a sentence of home confinement and probation --
24 not to sanctify or bless the conduct -- but it's in recognition
25 of the punishments that are available that would allow

1 Ms. Hankins to get the medical treatment she needs, and would
2 recognize the extraordinary things that she has done in the
3 community, as well as the benefits that she has tried to bring
4 to others as part of her life creed, and the fact that she's
5 going to live with this for the rest of her life, and the
6 inordinate amount of debt that she will live with until she
7 dies. Thank you.

8 THE COURT: All right. Thank you, Ms. Hoffman.

9 Let's take a five-minute break. We'll be in recess for
10 just five minutes.

11
12 (A break was taken from 3:37 PM to 3:43 PM.)
13

14 THE COURT: Let me just clarify, is there anything
15 else from the Defense? I certainly read Ms. Hankins' letter
16 last night and again this morning. Is there anything else?

17 MS. HOFFMAN: I think we've completed.

18 THE COURT: Okay.

19 MS. HOFFMAN: And I appreciate the time.

20 THE COURT: Oh, no. I appreciate the time you put
21 into it.

22 All right. For the Government?

23 MR. BRUCE: Thank you, Your Honor.

24 MS. HOFFMAN: Oh, Your Honor, except for Ms. Hankins
25 would like to talk to you before you impose sentence.

1 THE COURT: Okay. I guess I'd like to hear from her
2 now.

3 MS. HOFFMAN: Now?

4 THE COURT: Yes.

5 MS. HOFFMAN: Okay.

6 THE DEFENDANT: Your Honor, it was really -- I'm
7 going to try -- pardon me. It was hard -- really hard writing
8 that letter to you. Because I want you to understand -- I
9 understand your comment about child -- you know -- child abuse
10 that comes before you. And I learned a lot about that with
11 dealing with the Heart Gallery and things like that.

12 But I had worked with Dr. Webb for many years. And to say
13 that -- to explain to Dr. Webb, well, in the hands of my
14 ex-husband and in his addiction, it was mental abuse. And then
15 he helped me create, you know, healthy boundaries to coparent.
16 But I didn't know any more of that to explain.

17 THE COURT: Ms. Hankins --

18 THE DEFENDANT: And it has only been through this
19 process that -- and working with Dr. Hamel -- when I've worked
20 with him, and talked with him, and then read -- read about the
21 levels of abuse and what they mean, it -- when I wrote to you,
22 and I said that it really did -- my life flashed before me.
23 It's like so many things made sense.

24 And I only just recently discovered that through this
25 process. And it made me understand a lot of things. And I'm

1 not using that as an excuse for my actions by any means. So
2 please don't interpret it as that. But I can look back, and I
3 can see how I made irrational decisions that weren't rational.

4 When some of the conflict came with WME, it was -- it was
5 avoidance that -- that clicked in -- that clicked in and not
6 rational decision-making. You know, when -- when their -- when
7 asking WME for help required this whole list of things, I think
8 they expected me to say, "I don't agree with that." And I
9 didn't say anything. I didn't assert what was best for WCMC,
10 which was not what was laid out. I didn't assert what was best
11 for me. I didn't assert what was the things to assert as the
12 president in charge of those duties and functions. It was in
13 avoidance.

14 And I think one of the things that I told Ms. Hoffman is I
15 said -- I look back over the years after -- after reading --
16 reading the report and talking to Dr. Hamel, I look back over
17 the years, I defended so many things. I defended the festivals
18 in front of boards of commissioners. I defended my kids. You
19 know, the things that I didn't do was ever defend myself. And
20 that seems like such an easy thing to say, because I'm not a
21 stupid person. But I look back, and I never did that.

22 I didn't do it when the abuse happened with Mark. And I
23 continued to just never do it. And what I've learned is that
24 when you have those levels of abuse, it's not an excuse for my
25 actions at all. But you have to learn how to recognize when

1 it's having a reaction on you or creating a trigger of your
2 past so your -- the reaction -- so you can create -- so the
3 action you can create a reaction for it, and understand what
4 that is, and then make different choices than avoidance or --
5 from that sort of stuff. And I just scratched the surface.

6 But I cannot believe it at 53 years old. And that -- that
7 is just something that -- you know, I talked to Dr. Webb, and
8 he's like, "I never really understood the level of abuse that
9 you went through. And it's not my specialty. So I need to get
10 you connected with someone that it is -- that it is their
11 specialty."

12 And, you know, maybe part of it is my fault, because I
13 didn't -- I never understood the levels. It was just -- to me
14 it was mental abuse and intimidation. I never understood all
15 the levels and what those long-term things can have on you.
16 And I'm not using that as an excuse. I'm very remorseful. And
17 guilt is not a good thing for me.

18 And I feel very guilty, because one of the things I was
19 most proud of with festivals was the help that it gave foster
20 kids to -- not change their lives -- but to change the day, or
21 of the schools when funding was cut off. Those were the things
22 I was truly proud of. And now those are -- those are forgotten
23 behind the things that I did do. And I feel -- I do feel
24 extremely guilty for that and very remorseful.

25 You know, I did teach my kids right from wrong. And I did

1 teach my kids to make the right decision, which may not always
2 be the easiest decision. And I have great grown kids now. And
3 I did not make the right decision. And -- but I did try to
4 make the right decision with pleading what I did do wrong and
5 then taking on debt and making sure that Endeavor was excused
6 from that not being their responsibility. And that, to me, was
7 being remorseful and doing the right thing.

8 So when I wrote you that letter, I meant what I said
9 with -- I -- I don't want -- I didn't want that letter to --
10 you get hundreds of letters, and I understand that. But I can
11 never explain to you what I've learned about myself over this
12 process, and how, for every day, it will change my life moving
13 forward. And this -- that's what I wanted to say.

14 THE COURT: Okay.

15 THE DEFENDANT: Thank you, Your Honor.

16 THE COURT: Thank you, Ms. Hankins.

17 All right. From the Government?

18 MR. BRUCE: Thank you, Your Honor.

19 In listening to Ms. Hankins now, and in reading the
20 materials and seeing the presentation, the question of remorse
21 really does come up to me a lot. Because it seems like she's
22 remorseful that this happened, but I haven't heard, nor did I
23 see it written or anywhere, remorse for deceiving and cheating
24 Endeavor, and deceiving and cheating a business partner, and,
25 instead, with the recommendation for probation.

1 It reminds me of a story that I heard when I started, told
2 to me by a retired FBI agent. And it happened when he was
3 going to -- going to a bank robbery. He goes to the bank
4 robbery, and he goes to the bank. They say, "Hey, there's a
5 little cash that was just taken. It has a tracker in it."

6 So law enforcement go. They track down -- track it down
7 on Beltline, surround the car. The subject comes out. They
8 find the subject. They find the money. And before the
9 handcuffs can go on, the subject says, "Well, you have your
10 money. Can I go now?" They said, "Well, no, that's not how
11 bank robbery works. You robbed a bank. You're going to be
12 held accountable."

13 Now, this isn't about robbing a bank. This isn't about
14 stealing money. This is about deceiving and cheating a victim
15 out of \$1.5 million. And whether it was putting some money
16 back into a bank account, or whether it's taking on a liability
17 now, after the fact, the fact is that Ms. Hankins deceived and
18 cheated.

19 Now, I frankly don't -- the Government doesn't appreciate
20 the dichotomy that is attempted to be forced on the Court today
21 that it's really not cheating in the way that we like to think
22 of cheating. The elements of the offense, which Ms. Hankins
23 agreed are the elements of the offense that she pled guilty to,
24 is intent to defraud. That is an intent to deceive and cheat.
25 She deceived and cheated Endeavor out of the \$1.5 million.

1 So I'd like to first just discuss that fraud. I know it's
2 been discussed in great detail. So I just want to look at this
3 from another perspective. Now, as you heard, Endeavor
4 purchased the majority of WCMC in 2013 for \$800,000. An
5 \$800,000 payment that had been made to Ms. Hankins. And things
6 started off well, as you saw in some of the graphics. In 2013,
7 '14, '15, things were going well.

8 And then, through no fault, necessarily, of Ms. Hankins,
9 there was the heat, there was the issues of the festivals, and
10 they were going to be operating at a large loss. It was at
11 that time that Endeavor infused \$2.1 million into the business.
12 And infusing that money in, it asked for certain items,
13 financial records, and also having more control over the ticket
14 income. These are things that are entirely reasonable for a
15 company that's a 51 percent majority holder to ask for.

16 So it asked for these financial statements, and it asked
17 for some level of eyes on to make sure that that 2.1 -- or that
18 deficit that Ms. Hankins had discussed -- wasn't going to
19 happen in the future. And instead of giving them accurate
20 financials, Ms. Hankins altered bank statements by scanning
21 them in, as we put in our sentencing memo. You can see the --
22 you can see in the exhibits the real bank statement and the
23 fake bank statement that -- we didn't provide all of the pages.
24 But they're meticulously done to remove the liabilities that
25 Ms. Hankins had to obtain in order to make this a functioning

1 organization. So when it looked at the financials that
2 Ms. Hankins provided, it saw a rosy financial picture, such
3 that when it went to purchase, it paid her \$1.5 million for
4 that company.

5 And I want to be clear that the evidence in this case
6 shows that Endeavor would not have paid \$1.5 million for a
7 company if it had known that it had required \$5.3 million in
8 loans to prop up, if it had known that Ms. Hankins was altering
9 bank statements. That purchase would not have happened. And
10 certainly Ms. Hankins wouldn't have continued on as an employee
11 of WCMC. Certainly she wouldn't have been given the \$200,000
12 salary. And certainly she wouldn't have been given a profit
13 sharing agreement, such that when that \$1.5 million was earned,
14 she would have earned an additional profit.

15 So what did -- what did they think that they were
16 receiving in 2018? Well, they believed the revenues were the
17 revenues of a company that was represented in the financials
18 that this president had provided them for 18 months. They
19 believed the bank account had \$1.1 million in it. And they
20 believed there were no outstanding debts, other than those that
21 were represented in the financials.

22 But, instead, it received a bank account with 16,000, and
23 it received a company that required over \$5 million of
24 promissory notes, and by the end of 2018 -- August of 2018 --
25 \$6.8 million of promissory notes, I believe, to prop up this

1 business.

2 Now, I'd like to touch, briefly, on the money that
3 Ms. Hankins discussed about putting back in. And this has been
4 shown in this sentencing -- the presentation for Ms. Hankins --
5 that -- this shows that really she just wanted to keep this
6 company going. And I think the Court has discussed that -- you
7 know, or I should say the Defense is saying this isn't about
8 greed. This isn't about anything. This was just about keeping
9 this company going.

10 But there's a reason why she needed to keep this company
11 going. It was paying her \$200,000 a year. It was providing
12 profit sharing. This is something that she needed to continue.
13 And I -- the Government does not doubt that Ms. Hankins had
14 strong feelings about the success of this company that she
15 started. I don't want to discount that. However, she had to
16 put that money back into an account so that she wouldn't have
17 this fraud -- this fraud wouldn't be found out.

18 Because if they find out about the fraud, the \$200,000
19 plus -- \$200,000 salary is gone. If they find out about the
20 fraud, the profit sharing is gone. So she avoids detection by
21 putting money back in, and she gets paid.

22 Now, there's another point I'd like to make, briefly,
23 about the mitigation evidence that's been submitted. Now, I
24 certainly am not going to go in depth about the reports that
25 we've received about -- the mental health reports that we have.

1 But some of this just doesn't square. And in one of the
2 reports that we have, it talks about how these -- this -- the
3 mental health leads to passivity and a limited executive
4 functioning.

5 But if you looked at the presentation, certainly of the
6 managing festival slide, you look at what she had to do for all
7 of these festivals, working with state and local, being in very
8 stressful situations, being, as Ms. Hoffman said, the mayor of
9 these towns, that does not come without stress. That doesn't
10 come with making hard decisions, having people angry at you,
11 upset, forcing concessions from different cities. But she did
12 that, to her credit, very successfully, for many years.

13 But when Endeavor asks for financial records after a poor
14 year's performance, she now says that that impaired executive
15 functioning caused her to create these false documents and send
16 them to Endeavor for 18 months. So those two just don't seem
17 to square.

18 Now, the Court has all of our briefing on the allegations
19 of prosecutorial misconduct in this case. And I'm not going to
20 belabor the point. We do not agree with the assertions that
21 the Defense has made today or in any of their briefing. And so
22 we'll rest upon that record, and not go into that, and leave
23 the Court to determine whatever weight it believes is necessary
24 to its determination of the sentence.

25 So, Your Honor, in the end -- and, I guess, there's one

1 more point that I would like to make based on the presentation
2 today. And that is about the -- some of the promissory notes
3 that Ms. Hankins says she now is the sole bearer of that debt.
4 That's something that is news to the victim and is something
5 that certainly is probably going to be appreciated to hear for
6 the victim that they're not in -- that they are not responsible
7 for the five-plus million dollars to Mr. Hurst.

8 That would certainly -- what effect her stating that here
9 would affect him -- I mean, there has to be some function of
10 making it so she is only liable for that. So I'd hope that
11 that would be something that would happen.

12 But one of the things that caught me in this is the --
13 this tier one, tier two, tier three, tier four presentation
14 that Ms. Hoffman talked about when looking at the payments for
15 who was paying -- you know -- who was going to get paid in
16 2018. Ms. Hoffman also said that, look, with these promissory
17 notes, WCMC could just declare bankruptcy and walk away from
18 them, because it's a separate entity. Well, they could have
19 done that with the vendors too.

20 The evidence showed that they didn't. So they didn't need
21 to look at tier one, two, three, and four. They could have
22 walked away. They didn't. So it's -- so it's a point that I
23 think is worth mentioning. That when the festivals fell,
24 payments were made when that was not necessarily an obligation
25 that a parent company had to make.

1 So here, Your Honor, in the end, I come back to the
2 sentencing memo. This is sophisticated but fairly
3 straightforward. Ms. Hankins altered bank records intending to
4 deceive and cheat Endeavor out of \$1.5 million. They paid
5 \$1.5 million to Ms. Hankins.

6 We've already banked into our recommendation a three-level
7 variance for the different factors that -- for the factors that
8 make this case a little bit different than others. With that
9 three-level variance, that comes to a low-end guideline
10 recommendation of 27 months. A 27-month sentence is a
11 reasonable sentence. That 27-month sentence is a sentence that
12 comports with all of the requirements of 3553. And we ask that
13 the Court follow the Government's recommendation and sentence
14 Ms. Hankins to the 27 months in prison.

15 THE COURT: What's the Government's position on
16 restitution, and are we resolving that today?

17 MR. BRUCE: So we have a restitution hearing. The
18 Government will be requesting the 1.5 million in restitution.
19 It's my understanding, from conversations with representatives
20 of the victims, that they will not be interpleading or making
21 any type of other request. So the Government will, at that
22 future hearing, be requesting the \$1.5 million in restitution.

23 THE COURT: Okay.

24 Okay. Any quick points in rebuttal? I think I'm ready to
25 proceed, but...

1 MS. HOFFMAN: One second.

2 We have nothing else to add. I think that we've covered,
3 in advance, Ms. Hankins' and our position on these issues,
4 except for one last statement.

5 People respond differently when they are dealing in their
6 professional capacities with external people, such as lawyers
7 with clients, doctors with patients, than they do when what is
8 most important to them is attacked, be it their family or what
9 they truly love.

10 And with Ms. Hankins, her undoubted skill is, in a sense,
11 irrelevant to the flaws that she lives with inside and is only
12 now coming to grapple with. It is not an inconsistency. It is
13 just the difference between all of us when we deal with
14 protecting those we care about versus the situations that we
15 thrive and do brilliantly in when they deal with things that
16 don't come as dear to us. Thank you.

17 THE COURT: Okay.

18 So, Ms. Hankins, the first thing I need to do is determine
19 where you -- sit. No, you don't need to stand. Please be
20 seated. I just want to talk this through as opposed to lecture
21 you while you stand there in front of me.

22 The first thing I need to do is determine the sentencing
23 guideline advisory range. It is just advisory, but I do have
24 to determine it. Your total offense level is 21. Your
25 Criminal History Category is a I. And that results in an

1 advisory guideline range of 37 to 46 months.

2 So that's not the starting place. That's just where the
3 sentencing guideline commission, through Congress, has said
4 that's the range that's advisory for judges to consider. But
5 I'm also to consider what is sufficient but not greater than
6 necessary to achieve certain ends of justice. And that
7 includes, you know, respect for the law. It includes
8 rehabilitation. It includes deterrence. It includes also a
9 consideration of your history and characteristics. And those
10 can kind of go both ways.

11 And the things I am considering is that you're 52 years
12 old. You do have a single criminal bank fraud conviction from
13 2002 for which you served only a 30-day sentence. And I
14 understand you presented some mitigating circumstances, as
15 well, for that conviction, specifically, your exposure to
16 domestic violence. But it is a conviction. And it does
17 highlight the fact that you were aware that you were engaging
18 in criminal activity in this case by doing what you did, by
19 committing fraud.

20 You do have and are being seen by a doctor for certain
21 mental health issues around emotional disorders for which you
22 are taking medication and getting appropriate treatment.
23 You've done very well on pretrial release. You have no history
24 of violence. You are educated. You're certainly employable.
25 You have family and community support. And you've certainly

1 done many wonderful things in the community. I'm not taking
2 away from that.

3 Looking at the circumstances of the offense itself, the
4 fraudulent conduct did extend over a relatively lengthy period
5 of time: September 2016 to March 2018. So you had a lot of
6 time to think about this each time you created these bank
7 statements.

8 I understand why it began, and I understand that, yeah,
9 you were trying to avoid. You were trying very hard to keep
10 afloat a company that you cared a lot about. And you wanted to
11 avoid the oversight of your coinvestors, your partners in this,
12 the other shareholders. But that's what people who commit
13 crimes do all the time.

14 You know, the number of cases I've had where well-meaning
15 money managers start putting out false portfolios to hide the
16 fact they're completely in the red so that their investors, who
17 are dumping money into their accounts, don't know that this
18 whole thing is collapsing, and, of course, they're trying
19 desperately to fix it; right? They keep paying who they owe
20 now by borrowing from the accounts of people who are paying in
21 now. It becomes a nightmare for them. And it keeps on going.

22 Your case is -- what's different about your case is
23 somewhere along that timeline, where I know you're trying to
24 hide everything from your fellow shareholders, majority
25 shareholders, they're making you an offer to give you

1 \$1.5 million for your shares.

2 Had you told them the truth then, they would have taken
3 you to court and divested you of all your shares for violating
4 some basic tenets of civil law -- failure to behave as a
5 fiduciary -- a whole series of things. They would have brought
6 a derivative action against you, and they would have ousted
7 you. There's no way you would have been able to continue
8 holding your shares, holding your job, and getting \$1.5 million
9 if, prior to that transaction, you had told them. And I think
10 you knew that.

11 And that's where the crime is that you're just not
12 admitting to. That you knew there was no way that transaction
13 was going to take place if you told them in advance. They
14 would not have paid you the 1.5. They would not have taken on
15 the debt that they didn't know about. I'm not sure who has
16 that debt, actually, now, listening to things today. But I can
17 tell you, any responsible shareholder would have simply brought
18 an action against you and ousted you rather than pay you
19 \$1.5 million. That would never have occurred.

20 And that was your opportunity to avoid this criminal
21 episode. And you didn't take that opportunity. So that's
22 really where the crime has occurred here.

23 Should they have been smarter? Probably. You know, I've
24 had law firms who have been -- their accountant has stolen
25 millions of dollars from them. And these were law firms that

1 represent investment banks, and, yet, they had no checks on
2 their accountant. That doesn't excuse your behavior.

3 So, you know, whether we want to call this cheating or
4 theft, or whether you're a serial fraudster, it's all a matter
5 of kind of a perspective. But, for me, I can understand why
6 things went as they went. I know you loved this organization.
7 I know you wanted to save it. I know you thought you could
8 save it. And I know you thought you could probably fix all of
9 it.

10 But, at some point, you made a decision to take
11 \$1.5 million without disclosing the reality. And that reality
12 certainly would not have resulted in you getting that money or
13 maintaining any connection with the festival ever again. You
14 breached your fiduciary duty of good faith and fair dealing.
15 That's all that would have -- they would have just had to come
16 to court, and the court would have divested you of your shares
17 at that point.

18 So it does sound like you put a lot of money back into the
19 corporation or into the company. Again, that was, I think,
20 after it became clear they were going to find out. Because
21 they're asking to see the books. And you did take -- I know I
22 called it a "chunk" of money -- a lot of money -- more money
23 than I make a year -- way more -- to pay off an old debt of
24 yours. And that wasn't altruism. That wasn't helping the
25 community. That was helping you. And that starts looking a

1 little bit like greed.

2 So I have a very different, I guess, view of -- to me the
3 crime is pretty simple. It's not complicated. Your life is
4 complicated. Your thinking process is complicated. And it's
5 complicated by all sorts of things in your past. Right? I
6 mean, I get that. There isn't one person who appears in front
7 of me who is not suffering from either severe addiction, severe
8 mental health issues, and childhood trauma. It impacts our
9 thinking.

10 I'm not -- I don't want to lecture you. You are
11 successful. You're educated. You've lived well. And you've
12 lived in relative comfort all your life. You have a nice
13 house. You have a nice car. You've had a nice salary for much
14 of your life. You're sophisticated. You know the difference
15 between right and wrong. You have family and community
16 support.

17 Today, in America, there were probably over hundreds of
18 kids getting sentenced to jail for a lot less. You know,
19 they're kids who are shoplifting a six pack of beer. There's a
20 single mom who is so hopeless she's prostituting herself, and
21 she's being sent to jail. You know, there are kids driving
22 around in cars acting like idiots who are going to jail. Drunk
23 drivers are going to jail. These are all impulsive decisions
24 that people are making that are criminal decisions. It's
25 criminal thinking. And they're going to jail.

1 A lot of these folks are homeless. They're drug addicted.
2 They have no education. They have no family, no family
3 support. In comparison, you're looking privileged. I know you
4 have some difficulties in your life. Many people suffer from
5 depression who do not commit crimes. Many people have had
6 terrible relationship issues that do not commit crimes.

7 So this does call for some jail time. Does it call for 27
8 months? I don't think so. You haven't really served any kind
9 of extensive sentence in your life. Your last sentence was I
10 think 30 days' jail. I think this does have collateral impacts
11 on your life that it does not have on the lives people who
12 already have nothing when they come to federal court.

13 It will impact your ability to get work. It will impact
14 your ability to succeed in the future. I get that. And I am
15 taking that into account. I am taking into account some of
16 your mental health issues, and your background, and the fact
17 that there's a lot more to you than this event. There's a
18 reason why you have support in the community. You're a lovely
19 person in many other respects, other than this one piece of
20 decision-making.

21 You've done a lot for the community. I mean, Jesus, you
22 got to hang around with Brad Paisley and some of these folks.
23 I mean, you've had a remarkable life. This is a hiccup. But
24 it does require some consequences.

25 So I am going to impose a 12-month-and-a-day Bureau of

1 Prison sentence followed by three years of supervised release.
2 I will adopt the conditions set forth in the presentence
3 report. There is a \$100 assessment per count I'm required to
4 impose. I will order restitution, but will make that
5 determination at a later hearing where the parties can present
6 evidence or reach an agreement.

7 What is our hearing date for the restitution matter?

8 THE COURTROOM DEPUTY: It's May 30th at 11:00 AM.

9 THE COURT: Okay.

10 I will explain rights to appeal. But is there anything
11 else that needs to be in the order, first, from the Government?

12 MR. BRUCE: Nothing on behalf of the Government, Your
13 Honor.

14 THE COURT: For the Defense?

15 MS. HOFFMAN: Just two things in your statement,
16 "They don't deal materially," but they do materially. The
17 Government -- Gavin Bruce -- was provided direct instructions
18 from the major creditor in this case that he had let Endeavor
19 off the loans, and that he had substituted Ms. Hankins -- and
20 this is the \$5 million loan -- at Ms. Hankins' request.

21 So I don't want any ambiguity. Because the Government has
22 possession of the letter that you have possession of and that
23 Ms. Hankins is obligated on this -- it takes her the rest of
24 her life. She has assumed that liability and deliberately
25 asked not to be let off of it. So I just want to have no

1 ambiguity on this record --

2 THE COURT: Okay.

3 MS. HOFFMAN: -- going forward. And I don't
4 understand how the Government represented that it's news to
5 Endeavor since Endeavor knows it and does the Government.

6 MR. BRUCE: Your Honor, as the Defense is well aware,
7 Endeavor is not part of our prosecution team. And so when I
8 received a letter, or I received correspondence, I didn't
9 immediately send that to Endeavor as the victim. We were still
10 in the process of a prosecution.

11 So I thought that there would be a reasonable
12 communication between Mr. Hurst or Ms. Hoffman and Endeavor in
13 their civil suit that they're having. And so when I asked
14 Endeavor today whether they were aware that they -- that this
15 was happening -- they said, no, that they weren't.

16 THE COURT: Okay. I don't think it's particularly
17 relevant to -- I mean, it sounds like it may be relevant to the
18 civil case.

19 MS. HOFFMAN: It's just relevant to what Ms. Hankins
20 actually did. So I just wanted to correct the record --

21 THE COURT: Okay.

22 MS. HOFFMAN: -- because both the Government and I
23 are aware of it.

24 THE COURT: Okay.

25 MS. HOFFMAN: And then the only other clarification

1 that we need, Your Honor -- and maybe it deals with time of
2 surrender or whatever you're thinking. There's no dispute
3 about the health issues that incarceration poses with
4 Ms. Hankins' incarceration and not having access to eight of
5 the -- I think it's eight out of ten -- of the drugs that she
6 currently needs and the health issues. So I just need you to
7 address that.

8 THE COURT: Surrender in 90 days. It's not going to
9 be a year. I mean, we would never -- I -- I'm happy to
10 recommend a particular institution if there's one that is --
11 that the Defense wishes me to consider that can address the
12 mental health issues. I'll be honest, I don't think BOP would
13 look at these mental health issues -- and, ultimately, it's
14 depression -- the reports report much of it around this
15 litigation -- that they're going to look at it as any more
16 remarkable than the other 80 percent of their population that
17 they're serving.

18 So I -- you know, I realize the treatment is different in
19 custody. But this gives you some time to work with BOP in what
20 they can and can't do. I will certainly recommend that BOP
21 maintain the current prescription regimen that Ms. Hankins is
22 on while she's in custody with them. I don't know if that will
23 mean anything.

24 MS. HOFFMAN: Probably not. But, yes, we'd
25 appreciate that.

1 THE COURT: Okay.

2 MS. HOFFMAN: And we'll look -- we'll look into
3 potential places for incarceration and return to you on that.

4 THE COURT: All right.

5 MS. HOFFMAN: I realize you also can't control that,
6 but you can make recommendations that I think would be taken
7 into account.

8 THE COURT: I'm certainly recommending the lowest
9 security setting that they can place her in. I'm also
10 recommending she be eligible for any programs they have under
11 the First Step Act for, you know, early release into the
12 community.

13 MS. HOFFMAN: Thank you.

14 THE COURT: Okay. Ms. Hankins, you do -- you may
15 have certain rights to appeal. If you feel there's something
16 about the sentence you wish to appeal, you have 14 days to file
17 a notice of appeal. You need to do that directly with the
18 court clerk or through your attorney. If you can't afford the
19 filing fee, you can apply to have that waived.

20 THE COURTROOM DEPUTY: The sentence is concurrent to
21 each --

22 THE COURT: The sentences are concurrent.

23 Are there counts that are to be dismissed?

24 MR. BRUCE: No, Your Honor.

25 THE COURT: Okay.

1 THE COURTROOM DEPUTY: Is there an original
2 indictment?

3 MR. BRUCE: No. This was on an information.

4 THE COURT: Okay. Thank you, folks.

5 MS. HOFFMAN: Thank you.

6 THE COURT: We'll be in recess. Thank you for all
7 the work both sides have done.

8 MR. BRUCE: Thank you, Your Honor.

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10 (The proceedings adjourned at 4:25 PM.)
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C E R T I F I C A T E

United States of America v. Anne Hankins

Case No. 6:22-cr-00317-MC

Sentencing Hearing

3/30/2023

I certify, by signing below, that the foregoing is a true and correct transcript of the record, taken by stenographic means, of the proceedings in the above-entitled cause. A transcript without an original signature, conformed signature, or digitally signed signature is not certified.

/s/Kendra A. Steppler, RPR, CRR
Official Court Reporter

Signature Date: 4/15/2023